



Central
Records
Administration

UCC UPDATE

www.sos.state.mi.us/ucc/

No. 3, Winter 2002

*Candice S. Miller,
Secretary of State*

UCC Personnel

Michael Wartella,
Central Records
Administration
Director

Jeff Villaire,
Office of Customer
Services Director

Jeffry Nickerson,
UCC Section
Supervisor

Sherri De Marco,
UCC Section Analyst

Linda Ames,
UCC Unit Supervisor

***The UCC
Codebook,
customer
guide, and
forms are
now
available on
the Secretary
of State web
site***

Filing financial statements: Avoiding common filing errors

With the enactment of Revised Article 9 on July 1, 2001, rules and procedures were changed concerning the filing of financing statements. Following are some of the most common errors made when filing financing statements, and what to do to avoid these errors.

- **Omitting UCC1 organization information.** On filing statements naming an organization as the debtor, the organization type, jurisdiction and organization identification number are frequently incomplete or missing from the financing statement. All three fields must be completed on organization financing statements. On the UCC1 Financing Statement, complete the organization type, jurisdiction and identification number, items 1e, 1f and 1g, respectively.

| | | | | |
|---|--|--|-------------|--|
| 1. DEBTOR'S EXACT FULL LEGAL NAME - insert only <u>org</u> debtor names (1a or 1b) - do not abbreviate or combine names | | | | |
| 1a. ORGANIZATION'S NAME AAA Business Services, Inc. | | | | |
| OR | | | | |
| 1b. INDIVIDUAL'S LAST NAME | | | | |
| 1c. MAILING ADDRESS 123 Main St. | | CITY Lansing | STATE MI | POSTAL CODE 48000 |
| 1d. TAX ID # - SSN OR EIN | | 1e. TYPE OF ORGANIZATION Corporation | | 1f. JURISDICTION OF ORGANIZATION Michigan |
| | | 1g. ORGANIZATIONAL ID # if any 123456 | | 1h. COUNTRY NONE |

- **Omitting a UCC3 organization information.** When adding or changing a debtor name, complete a UCC3 Financing Statement Amendment. If the debtor is an organization, complete the organization type, jurisdiction and identification number, items 7e, 7f and 7g, respectively. To verify debtor organization information, contact the Michigan Department of Consumer and Industry Services at: www.cis.state.mi.us/bcs/corp.

| | | | | |
|---|--|--|-------------|--|
| 7. CHANGED (NEW) OR ADDED INFORMATION: | | | | |
| 7a. ORGANIZATION'S NAME Community Associates, Inc. | | | | |
| OR | | | | |
| 7b. INDIVIDUAL'S LAST NAME | | | | |
| 7c. MAILING ADDRESS 7070 Town Center Ave. | | CITY Grand Rapids | STATE MI | POSTAL CODE 48000 |
| 7d. TAX ID # - SSN OR EIN | | 7e. TYPE OF ORGANIZATION Corporation | | 7f. JURISDICTION OF ORGANIZATION Michigan |
| | | 7g. ORGANIZATIONAL ID # if any 112345 | | 7h. COUNTRY NONE |

See "Avoiding common filing errors" Page 2

Submit financing statements in duplicate

When filing financing statements with the State UCC Office, be sure to submit two copies of the form.

The second copy will be returned as an acknowledgment of financing statement acceptance. The filing date, time and number will show on the upper right hand corner of the acknowledgment copy.

It is also helpful to submit a self-addressed stamped envelope when submitting financing statements.

Rejected financing statements: Show us the money

Rejected financing statements that initially included money, require special handling. To ensure you receive credit for fees already paid, include a copy of the rejection letter and financing statement showing the fee validation line when resubmitting the financing statement. The fee validation line is located in the upper right corner of the financing statement.

Avoiding common filing errors

Continued from Page 1

- **Missing account number or incorrect fees.** Financing statements must be submitted with a UCC billing account number in good standing or with the appropriate filing fees. Billing account customers state their account number in item A of the National UCC Financing Statement and Amendment forms, in the same box as the name and phone number of the contact person. The web address for fees is: www.sos.state.mi.us/ucc/uccfee.html.
- **Incorrectly identifying debtors.** Debtor names are categorized either as an individual or an organization. Names must be entered as either an organization or as an individual. Insert only one name in 1a or 1b. If both an individual debtor and an organization are included on the same financing statement, enter one name in the appropriate field(s) in item 1 and the second name in the appropriate field(s) in item 2.
- **Filing wrong forms.** The National Financing Statements and Addendums, UCC1 and UCC3 respectively, are the standard forms for filing in Michigan. Any filing forms not containing required information, including previously accepted Michigan filing forms, will be rejected. Standard fill-in forms are available on our web site at: www.sos.state.mi.us/ucc/uccforms.html.

Farm collateral now filed with MDOS, UCC Office

As of July 1, 2001, the Department of State's UCC Office became the official state agency where collateral for farm crops and other farm related collateral is filed. The timely filing and searching of farm related collateral is crucial to the granting of commodity loans for the farming community.

County offices of the Farm Services Agency (FSA) of the United States Department of Agriculture are federally required to search UCC records before a farm commodity loan may be approved. Often the FSA office will file a financing statement and request a UCC search at the same time. The search must include the newly filed financing statement before the loan is granted.

Anyone needing to file and

search for farm loan approvals should make sure that financing statements and search requests are clipped, and submitted together. Attaching the documents will allow department staff to hold the search request for the appropriate search certification date. Requests are processed when the date is reached.

The Department of State is aware of the critical role that UCC records play in the business and farming communities. The UCC Office's goal is to return farm loan information as quickly as possible. When the new document management system (see page 4) is implemented later this year, UCC staff will be able to provide even better service to meet the needs of all customers.

Use correct form when filing financing statements, terminations and amendments

A correction is not an amendment. A UCC5 financing statement correction document is different than a UCC3 financing statement amendment document.

Correction statements are used by debtors, not secured parties. These statements do not change information on record.

To change information on record, the secured party may file a UCC3 financing statement amendment. If the debtor believes a particular filing is inaccurate or wrongfully filed, the debtor may file a UCC5 correction statement. Filed correction statements are included in search results.

Use UCC3Ad for listing more information. When submitting an amendment financing statement that contains more information than space allows on the UCC3 form, attach a UCC3Ad addendum form. The UCC3 form available on the web site also contains the UCC3Ad addendum and completion instructions. Complete the initial financing statement file number from the UCC1, in item 11 on the UCC3Ad. Enter the secured

party authorizing this amendment in item 12. Explain all additional information not covered on the UCC3 in the space provided.

Nonstandard terminations.

Any termination not submitted on the UCC3 National Financing Statement Amendment form will be charged an additional nonstandard form fee of \$7. For example, terminations submitted on the old style UCC1 acknowledgment copy will be charged an additional \$7 per financing statement. Regular filing fees are also required.

Transmitting utilities and manufactured homes. For transmitting utility or manufactured home transaction debtors, enter the debtor name on the UCC1 initial financing statement form and attach a UCC1Ad addendum. On the addendum, complete all information required about the first debtor and check either transmitting utility or manufactured home transaction. The UCC1 form available on the web site also contains the UCC1Ad addendum and completion instructions.

Reporting more than two debtor names

When submitting a financing statement with more than two debtor names, enter the first two debtor names on the UCC1 financing statement form. Use the UCC1Ad financing statement addendum form for additional debtor names, showing the full, legal name of the first debtor listed on the UCC1 as the first debtor on the UCC1Ad.

This action will link the UCC1 and 1Ad together. Then, enter the full, legal name of the third debtor on the addendum form.

If there are more than three debtors, attach separate UCC1Ad forms for each additional debtor name, completing item 9 and item 11 on each additional addendum, still showing the first debtor name from the UCC1 as the first debtor.

Be sure to include all organization information if the debtor is an organization.

Enter correct name with trusts as debtors

For a UCC1 financing statement where the debtor is a trust, if the trust is an organization, its full legal name from its documents of organization is entered in item 1a. If the debtor name for the trust is an individual, enter the individual's name in item 1b, using the Individual's Last Name, First Name and Middle Name fields.

Attach a UCC1Ad addendum and check the appropriate box in item 17 to indicate that the debtor is a trust.

On the addendum, complete all information needed about the first debtor, and any additional miscellaneous trust or trustee information. The trust type must be marked in the lower right hand corner of the form.

New UCC Code Books available

Electronic copies of the Uniform Commercial Code are available FREE from our web site at: www.sos.state.mi.us/ucc/ucccode.html. The new UCC Code Book includes the Revised Article 9 that took effect July 1, 2001.

Updated UCC Customer Guide available on web

The recently updated UCC Customer Guide is available from our web site at: www.sos.state.mi.us/ucc/forms/ucc_customer.pdf. Instructions for completing the new Michigan UCC11 Information Request form are now included.

Announcements: Introducing the new Michigan search form

A new Michigan Information Request Form for searches, UCC11, is available from the UCC web site: www.sos.state.mi.us/ucc/uccforms.html. The redesigned form contains all the search service options currently provided by the Department of State UCC Office:

- Easy to use boxes for indicating expedited or regular search types
- Improved space for delivery instructions
- Expanded space for certificate and copy search options
- Specific options to limit search parameters by time period, specific address and copy count

New UCC document management system in development, available later this year

The Department of State continues to make progress in obtaining a new UCC document management system to assure full compliance with Revised Article 9. The new information management system will improve filing and searching turnaround time, as well as enable electronic searching and filing.

A request for proposals was recently released to potential vendors. An evaluation team is currently evaluating the bid proposals and will soon select a vendor. The new system should be in place later this year.

Michigan Department of State
Uniform Commercial Code
Lansing, MI 48918-1505

PRSRFT FIRST
CLASS MAIL
U.S. POSTAGE
PAID
LANSING, MI
PERMIT NO. 1200